

**UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF NORTH CAROLINA  
ASHEVILLE DIVISION**

<b>IN RE:</b>	)	<b>Case No.: 09-11182</b>
	)	<b>Chapter 11</b>
<b>SEVEN FALLS, LLC</b>	)	
	)	<b>(Jointly Administered)</b>
<b>ZEUS INVESTMENTS, LLC</b>	)	
	)	
<u>Debtor(s)</u>	)	

**MOTION TO CONVERT TO CHAPTER 7**

The Office of the United States Bankruptcy Administrator for the Western District of North Carolina moves the Court for an Order converting this proceeding to Chapter 7 and says:

1. These are Chapter 11 proceedings in which voluntary petitions were filed on or about October 26, 2009. The cases were jointly administered by Order dated December 23, 2009.
2. The monthly status reports filed in the case include the following:
  - a. November, 2009
    - i. Loan from shareholder, Vinson, to open DIP accounts in the amount of \$535.06
    - ii. Bank service charges for non-sufficient funds fees and overdraft/re-entry fees in the amount of \$82.00.
    - iii. The ending cash position was negative \$43.59.
    - iv. The accrued post-petition liabilities totaled \$15,547.31 and included \$5,000.00 due to Tradition, LLC.
  - b. December, 2009
    - i. Bank service charges for non-sufficient funds fees in the amount of \$70.00.
    - ii. The ending cash position was \$7,209.81.
    - iii. The accrued post-petition liabilities totaled \$15,893.18 and included an additional \$5,000.00 due to Tradition, LLC.

- c. January, 2010
  - i. Bank service charges for non-sufficient funds fees in the amount of \$45.00.
  - ii. The ending cash position was negative \$3,065.19.
  - iii. The accrued post-petition liabilities totaled \$196,553.95 and included an additional \$5,000.00 due to Tradition, LLC, plus Tradition, LLC payroll of \$45,296.38 for November, 2009, \$50,524.02 for December, 2009 payroll, and \$33,257.93 for January, 2010.
- d. February, 2010
  - i. Loan from Vinson in the amount of \$5,000.00.
  - ii. Bank service charges for non-sufficient funds fees and overdraft/re-entry fees in the amount of \$170.00.
  - iii. The ending cash position was \$220.76.
  - iv. The accrued post-petition liabilities totaled \$189,386.63 and additional management fee due to Tradition, LLC in the amount of \$5,000.00 for February 1, 2009 [sic] and \$28,657.58 due February 24, 2009 [sic] for payroll.
- 3. Upon information and belief, the Debtors have not obtained court approval to obtain any loans or to hire Tradition, LLC for any management function.
- 4. Upon information and belief, Keith Vinson has an interest in Tradition, LLC, making it an insider of the Debtors.
- 5. On March 12, 2010, North Carolina's Secretary of State sent letters to the Debtors informing them that they were not in compliance with the North Carolina Limited Liability Company Act. Seven Falls, LLC is delinquent in delivering two (2) annual reports and Zeus Investments, LLC is delinquent in delivering one (1) annual report. The Debtors were given sixty (60) days from the date of letters to file the appropriate reports, or the Debtors will be administratively dissolved. Copies of the letters are attached as Exhibit 1 and Exhibit 2.

Wherefore, the undersigned moves to convert the Debtors' cases as it is unlikely the Debtors can propose a feasible plan or plans due to the numerous non-sufficient funds fees and negative cash position for two months, due to the Debtors obtaining loans without court approval, the Debtors' accrual of significant post-petition liabilities, the Debtors' payments to Tradition, LLC for management fees and payroll without obtaining court approval to hire Tradition, LLC as a management company, the Debtors' failure to comply with the North

Carolina Limited Liability Company Act, and for such other and further relief as the Court deems just and proper.

Dated: April 1, 2010

/s/Alexandria P. Kenny

Alexandria P. Kenny

Bankruptcy Attorney

United States Bankruptcy Administrator

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	)	
<u>Debtor(s)</u>	)	

**CERTIFICATE OF SERVICE**

The undersigned certifies that the pleading(s) or paper(s) to which this Certificate is affixed was served upon the party(s) to this action listed below by depositing a copy of the same, enclosed in a first-class postpaid, properly addressed wrapper, in a Post Office or official depository under the exclusive care and custody of the United States Postal Service and/or by means of the Electronic Filing System of the Bankruptcy Court on April 1, 2010.

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